

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6874

BILL NUMBER: HB 1937

DATE PREPARED: Jan 13, 2001

BILL AMENDED:

SUBJECT: Premium Payments to ICHIA.

FISCAL ANALYST: Jim Landers

PHONE NUMBER: 232-9869

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill allows an individual to pay the premium for an Indiana Comprehensive Health Insurance Association (ICHIA) policy in cash, by bank draft, by check, by cashier's check, by money order, or by credit card, debit card, charge card, or a similar method. The bill specifies that liability for a payment is not discharged until the ICHIA receives the payment. The bill also allows the ICHIA to contract with a bank or credit card vendor for acceptance of bank cards or credit cards, and that any fees charged for use of the card may be charged to the individual. The bill requires a receipt to be issued to an individual who makes a cash payment.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The bill potentially could increase the administrative cost of ICHIA if: (1) ICHIA contracts with a bank or credit card vendor for acceptance of bank cards or credit cards; and (2) ICHIA chooses not to pass through to members the cost of fees charged for the use of a bank card or credit card.

Typically, an agreement negotiated with a bank or credit card vendor will include a vendor processing fee which is charged on each transaction for which the bank or credit card is used. The Bureau of Motor Vehicles (BMV) currently accepts Visa, MasterCard, and Discover. Vendor fees have totaled about 1.9% to 2% of the amount of transactions involving the credit cards during CY 1998, CY 1999, and CY 2000. Vendor fees for the BMV totaled approximately \$1.2 M during the last nine months of CY 1998; approximately \$2.13 M in CY 1999; and approximately \$1.54 M during the first six months of CY 2000. The bill permits ICHIA to collect fees from individuals using a bank or credit card.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Comprehensive Health Insurance Association.

Local Agencies Affected:

Information Sources: Jane Morrical, Bureau of Motor Vehicles, 232-2822.